

## **Assembly Bill No. 597**

### **CHAPTER 612**

An act to add Division 22 (commencing with Section 70000) to the Financial Code, relating to financial literacy.

[Approved by Governor October 8, 2011. Filed with  
Secretary of State October 8, 2011.]

#### **LEGISLATIVE COUNSEL'S DIGEST**

AB 597, Eng. California Financial Literacy Fund.

The California Constitution requires the Legislature to encourage the promotion of intellectual improvement. Existing law regulates financial institutions and their interactions with the public. Existing law recognizes the existence of specialized financial institutions that provide services, including, but not limited to, financial literacy training, to underserved communities.

This bill would establish the California Financial Literacy Fund in the State Treasury for the purpose of enabling partnerships with the financial services community and governmental and nongovernmental stakeholders to improve Californians' financial literacy. The bill would require the fund to be administered by the Controller and would authorize the Controller to deposit private donations into the fund. The bill would require those moneys to be made available upon appropriation in the annual Budget Act and would require donations to be returned to contributors if not appropriated within 18 months. The bill would authorize the Controller to convene an advisory committee to provide additional oversight of the fund and develop strategies to improve financial literacy. The bill would prohibit use of donations to promote or market the financial products of any contributor. The bill would require the Controller, beginning in 2013, to provide an annual summary to specified committees of the Legislature on the use of those moneys appropriated from the fund.

*The people of the State of California do enact as follows:*

SECTION 1. Division 22 (commencing with Section 70000) is added to the Financial Code, to read:

#### **DIVISION 22. CALIFORNIA FINANCIAL LITERACY FUND**

70000. For purposes of this division, "fund" means the California Financial Literacy Fund.

70001. (a) The California Financial Literacy Fund is hereby established in the State Treasury. The fund shall be administered by the Controller.

(b) The purpose of the fund is to enable partnerships with the financial services community and governmental and nongovernmental stakeholders to improve Californians' financial literacy.

(c) Funds not appropriated within 18 months of being contributed to the fund shall be returned in full to the contributor.

70002. The Controller may accept private donations and deposit those donations into the fund, which shall be made available upon appropriation in the annual Budget Act. Donations shall not be used to promote or market the financial products of any contributor.

70003. The Controller may convene a financial literacy advisory committee to provide additional oversight of the fund and develop strategies to improve financial literacy. If convened, the committee shall comply with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

70004. Beginning in 2013, the Controller shall provide to the respective chairpersons of the Assembly Committee on Banking and Finance and the Senate Committee on Banking and Financial Institutions a brief annual summary on the use of the funds, when appropriated. This summary shall be submitted no later than August 30 of each year.

SEC. 2. The Legislature finds and declares that contributions to the California Financial Literacy Fund established by this act are made for a public purpose. It is the intent of the Legislature that contributions should be eligible to be claimed as deductible charitable contributions to the extent otherwise allowable under federal income tax law and California income tax and franchise tax law, subject to recapture if the contribution is subsequently returned by the state.